

Message Text

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ORIGIN EB-08

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 DODE-00
DOTE-00 FMC-01 INR-10 NSAE-00 CG-00 DLOS-09
OES-07 STR-07 L-03 TRSE-00 XMB-02 /058 R

DRAFTED BY EB/TRA/MA:REJOHE:EW
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MARAD: JRYAN/SPARDUE
NEA/AFN: DHESTER
FMC: BKEHOE (INFO)
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-----090221 120227Z /73
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FM SECSTATE WASHDC
TO AMEMBASSY ALGIERS

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E.O. 11652: N/A

TAGS: EWWT, AG

SUBJECT:LYKES STEAMSHIP CO. TRADE WITH ALGERIA

1. ON APRIL 11, LYKES OFFICIALS BROUGHT TO THE ATTENTION OF THE MARITIME ADMINISTRATION, A REPORT OF A BECHTEL CORP. AGENT IN ALGIERS. IN THE REPORT, THE AGENT'S INITIAL ADVICE TO BOTH BECHTEL AND LYKES IS THAT AN IMMINENT LOADING OF BECHTEL SUPPLIES ABOARD A LYKES VESSEL BOUND FOR ALGERIA IS IN JEOPARDY BECAUSE OF THE FOLLOWING, WHICH HE COULD NOT CONFIRM: AGENT STATES THAT THERE IS A GOVERNMENT RULE/REGULATION WHICH STIPULATES THAT A VESSEL 16 YEARS OR OLDER CANNOT PARTICIPATE IN TRADE WITH ALGERIA. MANY OF LYKES VESSELS IN THIS TRADE FALL INTO THIS CATEGORY. MARAD IS NOT AWARE THAT ANY OTHER NATION HAS INVOKED
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SUCH A RULE WHICH ESTABLISHES THE AGE, WITHOUT POSSIBILITY OF EXEMPTION, OF A VESSEL ALLOWED TO PARTICIPATE IN ITS TRADE. SAUDI ARABIA HAS SOMEWHAT SIMILAR REGULATION, BUT GRANTS WAIVERS TO OLDER VESSELS WITH VALID INSPECTION CERTIFICATES ISSUED BY INTERNATIONALLY RECOGNIZED CLASSIFICATION SOCIETIES.

2. REQUEST EMBASSY VERIFY THAT SUCH RULE/REGULATION EXISTS AND IS NOW OR WILL BE PLACED IN FORCE.

3. IF, IN FACT, SUCH A REGULATION/RULE IS APPLIED IN A DISCRIMINATORY MANNER, I.E., ONLY AGAINST LYKES AND/OR AGAINST VESSELS OF PARTICULAR FLAGS RATHER THAN QUOTE ACROSS THE BOARD UNQUOTE, EMBASSY MAY DRAW ON THE FOLLOWING AND RELATE TO APPROPRIATE OFFICIALS WHAT ACTIONS ARE AVAILABLE TO CARRIERS AND TO USG TO COUNTER SUCH DISCRIMINATION:

(A) MERCHANT MARINE ACT, 1920-SECTION 19 ENABLES U.S. OR THIRD-FLAG CARRIERS OPERATING IN U.S. TRADES TO REQUEST U.S. FEDERAL MARITIME COMMISSION (FMC) TO IMPOSE COUNTERVAILING MEASURES ON VESSELS OF NATIONS WHICH DISCRIMINATE AGAINST US-FLAG SHIPPING. (FMC MAY INITIATE SECTION 19 ACTION EVEN IN ABSENCE OF OPERATOR COMPLAINTS IF IT BELIEVES SITUATION WARRANTS SUCH ACTION.)

(B) SECTION 301, 1974 TRADE ACT-SECTION 301 PROVIDES THAT QUOTE WHENEVER THE PRESIDENT DETERMINES THAT A FOREIGN COUNTRY OR INSTRUMENTALITY...ENGAGES IN DISCRIMINATORY OR OTHER ACTS OR POLICIES WHICH BURDEN OR RESTRICT U.S. COMMERCE (DEFINED TO INCLUDE SERVICES),...HE SHALL TAKE ALL APPROPRIATE AND FEASIBLE STEPS WITHIN HIS POWER TO OBTAIN THE ELIMINATION OF SUCH RESTRICTIONS...UNQUOTE. THESE LIMITED OFFICIAL USE

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STEPS MAY INCLUDE IMPOSITION OF DUTIES OR OTHER IMPORT RESTRICTIONS ON PRODUCTS OF SUCH FOREIGN COUNTRY OR INSTRUMENTALITY.

(C) PUBLIC RESOLUTION 17-PR 17 REQUIRES THAT ALL EXPORT/IMPORT BANK CARGOES MUST BE CARRIED IN U.S.-FLAG VESSELS, EXCEPT THAT U.S. MARITIME ADMINISTRATION (MARAD) MAY (AND ROUTINELY DOES) GRANT GENERAL WAIVERS ALLOWING RECIPIENT COUNTRY'S VESSELS TO CARRY UP TO FIFTY PERCENT WHEN MARAD IS SATISFIED THAT RECIPIENT GOVERNMENT PROVIDES QUOTE FAIR AND EQUITABLE TREATMENT UNQUOTE FOR U.S.-FLAG SHIPPING.

FYI: ALGERIA IN RECENT YEARS HAS BEEN THE RECIPIENT OF OVER 355 MILLION DOLLARS IN EXIMBANK LOANS. WAIVERS HAVE BEEN REQUESTED AND GRANTED FOR SOME, BUT NOT ALL, OF THESE LOANS. AT PRESENT, ALGERIA HAS TWO OUTSTANDING LOANS IN THE AMOUNT OF 150 MILLION DOLLARS FOR WHICH THEY HAVE BEEN GRANTED GENERAL WAIVERS- CONSIDERING THESE LOANS ALONE AND AT A FREIGHT RATE OF APPROX. 7 PERCENT, ALGERIA HAS BENEFITTED UNDER THE PROVISIONS OF P.R.17 TO A FREIGHT REVENUE AMOUNT OF APPROX. FIVE

MILLION DOLLARS. IF DISCRIMINATION DOES EXIST, MARAD HAS THE AUTHORITY TO REVOKE NOT ONLY THE WAIVERS ON THE REMAINING UNSHIPED PORTIONS OF THE TWO OUTSTANDING LOANS BUT TO DENY FUTURE APPLICATIONS FOR GENERAL WAIVERS. END FYI.

4. ON THE OTHER HAND, IF THE 16 YEAR RULE IS BEING APPLIED WITHOUT DISCRIMINATION, THEN EMBASSY SHOULD URGE OFFICIALS TO CONSIDER GRANTING WAIVERS TO VESSELS WHOSE CONDITION HAS BEEN CERTIFIED BY A MARINE CLASSIFICATION SOCIETY, SUCH AS THE AMERICAN BUREAU OF SHIPPING. EMBASSY SHOULD POINT OUT THAT ACTUAL CONDITION OF VESSEL, ATTESTED TO BY CLASSIFICATION SOCIETY CERTIFICATE, IS FAR MORE IMPORTANT THAN AGE PER SE, WHERE SAFETY AND LIKELIHOOD OF BREAKDOWNS ARE CONCERNED.
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5. REQUEST IN ADDITION TO ANSWER PARA. 2 ABOVE, EMBASSY KEEP DEPT (EB/TRA/MA) INFORMED OF THIS MATTER. VANCE

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Message Attributes

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To: ALGIERS
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